

CHRISTIAN BARRY | Immigration and Global Justice*

Rational argument about what is needed to achieve global justice can be of three kinds. It can concern the aims — the goals, values, and ideals — that global institutional arrangements ought to be designed to achieve or embody. It can concern which particular policies or institutional arrangements can best realize these aims at present or in the future. Or, it can concern the allocation of responsibilities to promote, secure, or defend these policies and institutions.

One refreshing aspect of Gillian Brock's fine book *Global Justice: A Cosmopolitan Account* is her balanced treatment of the social scientific literature that is relevant for identifying the policies and institutional arrangements that would best achieve the aims of global justice (as she conceives them). This distinguishes her work from that of many other theorists of global justice, who seem content to treat social scientists that support their own points of view as authoritative, without taking adequate account of the work of other social scientists that would challenge their prejudices. As a result, Brock's conclusions about the potential of different policy initiatives are much more tentative than is common amongst theorists of global justice. And surely this is the appropriate attitude for a philosopher to take, given the extent of honest disagreement about these matters among experts! In this brief comment, however, I argue that increasing the flow of immigrants from developing to developed countries can be a much more promising way than Brock suggests for enabling people to meet their basic needs — a central aim of global justice on her account.

The promise of immigration

At first glance it would seem very likely that liberalization of immigration would enable many less advantaged people to meet their basic needs. At present, there are enormous wage gaps between developed and developing countries, even after adjusting for the difference in prices of goods and services in them. In a recent study, Lant Pritchett reports 'while an American construction laborer works less than 4 minutes to earn enough to buy a kilogram of flour, it takes a Mexican worker more than 1 hour and an Indian construction worker just under 2 hours.'¹ Pritchett notes that there are also enormous demographic differences

* Many thanks to Luara Ferracioli, Eszter Kollar, Holly Lawford-Smith, Miriam Ronzoni, and Leif Wenar for comments on an earlier draft of this essay.

1. Lant Pritchett, *Let their People Come: Breaking the Gridlock on Global Labor Mobility* (Washington D.C.: Center for Global Development, 2006), p.20.

between developed and developing countries that will continue to create pressure for higher levels of immigration. Developed countries are expected to experience decreases in their labor force at the very time they have large aging populations with very costly entitlements. While developing countries, on the other hand, have fertility rates that are significantly above replacement levels. This growing population of young people makes chronic levels of high unemployment a risk in developing countries. The exodus of large numbers of people from poor countries can result in higher wages for workers who remain and reduce the number of unemployed or underemployed people. Accordingly, many economists tend to emphasize the manner in which immigration can be expected to enhance the welfare of both affluent and poorer countries by allowing migration of people from countries with a 'surplus' of young and productive workers to those with a 'shortage' of such people. It is estimated that an increase of 3 percent of the work force in labour-importing countries (an additional flow of around 16 million people) would lead to world welfare gains of \$156 billion.² These gains mainly seem to benefit the poor in the countries from which migrants come. One recent study, for example, found that a 10 percent increase in international migration (the percentage of a country's population that lives abroad) correlates with a 1.9 percent decrease in poverty.³

Worries about immigration

In chapter eight of *Global Justice: A Cosmopolitan Account*, Brock claims that 'if developed countries admit more immigrants that alone is no panacea for dealing with the deep problems that stand in the way of justice' (p. 193). This is surely correct. There is no reason to believe that there are panaceas to be found in any specific policy domain for ensuring justice. But Brock goes on to make two further (and much stronger) claims regarding the liberalization of immigration. First, she makes a comparative claim that we can help more badly off people in the developing world more effectively by shifting the focus of our energies from the liberalization of immigration to seeking fairer trade rules, providing effective development aid, and other initiatives. Second, she argues 'it is not clear that [immigration] does much, or enough, for those remaining in the feeder country, even taking into account the net effects of remittances' (p. 211).

2. Alan Winters et al., 'Negotiating the Liberalization of the Temporary Movement of Natural Persons', (2002). University of Sussex Discussion Paper 87, <www.ycsg.yale.edu/documents/papers/Winters.doc>. See also World Bank, *Global Economic Prospects* 2006 (Washington, D.C.: World Bank, 2006), table 2.3., which estimates the substantial income growth effects of immigration even at current (low) levels.

3. Richard Adams and John Page, 'Do International Migration and Remittances Reduce Poverty in Developing Countries?', *World Development* 33/10 (2005), 1645-1669, p. 1645.

Brock does not deny the benefits that immigrants themselves receive from having immigrated (p.198). She grants that immigrants who settle in developed countries will ordinarily improve their prospects for meeting their own basic needs and having their own basic liberties protected than were they to have remained at home. Nor does Brock think that immigration from developing countries is likely to undermine significantly the capacity of less advantaged citizens of affluent countries to meet their basic needs or have their basic liberties protected (p.197).

Brock's concern is the effects of immigration on the poor in the immigrants' countries of origin (p.198). This stems from two considerations. First, that immigration will typically involve an earner drain — the healthiest, highest-earning-potential members of a family go abroad, leaving behind the less able. Second, that financial flows immigrants remit back to their countries of origin are not very effective at delivering justice and are even counterproductive of it.

I'll start with Brock's second claim and then move on to the first.

The Effects of Remittances

Remittances are private financial transfers from migrant workers back to their countries of origin,⁴ typically to family members who have remained behind. The scale of such transfers throughout the world is enormous, reaching USD \$338 billion in 2008 — several times the size of overseas development assistance and larger even than foreign direct investment.⁵ The data on migration and remittances is too poor to warrant very firm conclusions about their effects — actual or potential — on poverty and development in poorer countries. But there are reasons to believe that remittances hold considerable promise for poverty-reduction in developing countries.

Remittances can be directly beneficial, since they increase the income of recipient households, thereby increasing their capacity to meet the basic needs of their members. The magnitude of these benefits appears to be significant. A study by Hillel Rapoport and Frédéric Docquier indicates that migration and the remittances associated with it tends to have a significant overall positive effect on the long-term economic performance of the sending countries.⁶ There have been numerous country studies of the effects of remittances that are suggestive of their potential benefits. For example, Richard Adams found that households in Guatemala that received remittances from migrants experienced decreases in the extent and depth of poverty.⁷ Prabal De and Dilip Ratha report that, in Sri Lanka,

4. Parts of the discussion in this section draw on Christian Barry and Gerhard Øverland, "Why Remittances to Poor Countries Should Not Be Taxed", *New York University Journal of International Politics and Law* 42 (2010) 1181-1207.

5. Dilip Ratha et al., *Migration and Remittance Trends 2009* (Washington D.C.: World Bank, 2009), p. 1.

6. Hillel Rapoport and Frédéric Docquier, 'The Economics of Migrants' Remittances', in Serge-Christophe Kolm and Jean Mercier Ythier (eds.) *Handbook on the Economics of Giving, Reciprocity and Altruism* (North-Holland, Elsevier, 2006).

7. Richard H. Adams, Jr., 'Remittances and Poverty in Guatemala', *World Bank Policy Research Working Paper* No. 3418, (2004), <ideas.repec.org/p/wbk/wbrwps/3418.html>. p. 12-13.

the weight of children under five in households receiving remittances was greater than in households that did not receive such transfers.⁸ What is more, it seems that remittances can benefit many households that do not receive them. Durrand, Parado, and Massey's study of Mexico found that each remitted dollar generates significantly greater (four dollars worth) demand for goods and services.⁹ Adams and John Page suggest that a 10 percent increase in per capita official remittances can be expected to lead to a 3.5 percent decline in the share of poor people in the recipient countries.¹⁰

Compared to other financial flows to the developing world, there is reason to believe that remitted funds will be spent relatively wisely. Remitters are most likely to send funds to members of their households they believe will be most responsible in determining how to spend them. Indeed, such funds will often be sent *on condition* that they will be spent in ways that benefit the household. Brock nevertheless voices concern that only 10% of remittances go into saving and investment, and that the rest tends to go on consumer goods and living expenses (p. 206). But this in itself does not show that they are not being spent wisely, since it may be entirely appropriate for a poor household to spend most of its income in this fashion. Moreover, income received from remittances is fungible, and household investments may increase even if [the] funds that are remitted are not invested. Insofar as remittances are stable financial flows (and the evidence suggests that they are more stable than foreign investment or aid flows to the developing world), they provide some insurance to recipient households, encouraging them to engage in more risky, but also potentially more beneficial investments.¹¹ Studies in Mexico suggest that remittances can improve access to credit, a critical need for poorer households,¹² and that remitted funds are a very substantial source of investment for micro-enterprises.¹³

That even 10% of remitted funds go towards investments in education, health and housing, the creation of small enterprises is in itself quite encouraging, especially if we have reason to believe that comparable surpluses would not have been available for investment had the relative not migrated. This is usually a safe assumption given the wage differentials between affluent and developing countries in both unskilled and skilled labor.

8. World Bank (2006), pp.126-27.

9. See J. Durrand, E. Parado, and D. Massey, 'Migradollars and Development: A Reconsideration of the Mexican Case,' *International Migration Review* 30/2 (1996), 423-444.

10. Adams and Page (2005), p. 1660.

11. For discussion, see Oded Stark, *The Migration of Labor*, (Oxford and Cambridge, MA: Basil Blackwell, 1991).

12. Edward Taylor and T.J. Wyatt, 'The Shadow Value of Migrant Remittances, Income and Inequality in a Household-Farm Economy', *Journal of Development Studies*, 32/6 (1996), 899-912.

13. Christopher Woodruff and Rene Zenteno claim that remittances are responsible for 20% of the capital invested in micro-enterprises in urban Mexico, and that they may be responsible for nearly one third of the capital invested in micro-enterprises in the 10 states with the highest incidence of migration. See their 'Remittances and micro-enterprises in Mexico', Working Paper, University of California at San Diego, (2001), <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=282019>.

It is also important to note that mere prospect of immigration and the income gains that would follow through remittances can provide incentives to make beneficial longer-term investments. The prospect that a nurse educated in a poorer country could earn more in a foreign market may provide greater incentive for her family to invest in nursing education and training.¹⁴ There is evidence that remittances increase with the level of education achieved by the migrant (especially amongst younger members of a household), which suggests that some portion of these funds are being viewed as repaying initial investments by the sending household in their education.¹⁵

Brock worries about the negative indirect effects of remittances. She suggests, for example, that needed economic reforms in developing countries may be neglected because there will be less demand for such reforms than there would have been in the absence of these financial flows which provide some of the goods and services that would otherwise be sought from government. (Brock mentions Mexico as an example of this risk.) However, it has been pointed out that because remittances provide a source of resources that is independent of the state, they can loosen patronage systems and increase the feasibility of political change and institutional reform. In the case of Mexico, for example, Tobias Pfutze found that opposition parties were much more likely to win elections in municipalities that received relatively high levels of remittances from migrant workers.¹⁶ This can arguably be attributed to that population's decreased dependency on the state for aid and social programs, enabling them to avoid offering support for what Brock elsewhere refers to as Mexico's 'kleptocratic elite' without incurring great costs as a result of the loss of such patronage. Remittances may lead to increased demand for reform in other ways, such as increasing the educational levels of the households that receive these funds. Gordon Hanson and Christopher Woodruff, for example, show that children in Mexican households with a migrant member complete significantly more years of schooling. The magnitude of this increase ranges from 0.7 to 1.6 years of schooling. Interestingly, the largest increases are among children in so-called risk groups — girls and older children (13 to 15 year-olds) — ordinarily thought to be most likely to leave school.¹⁷

14. Kapur and McHale refer to this as the 'prospect channel' by which a diaspora can benefit sending countries. Devesh Kapur and John McHale, 'The Economic Effects of Immigration on Sending Countries', in Marc R. Rosenblum and Daniel J. Tichenor (eds), *The Oxford Handbook of International Migration* (Oxford, Oxford University Press, forthcoming 2011).

15. Robert E.B. Lucas and Oded Stark, 'Motivations to Remit: Evidence from Botswana', *Journal of Political Economy*, 93 (1985) 901-18.

16. Tobias Pfutze, 'Do Remittances Promote Democratization? How International Migration Helps to Overcome Political Clientelism,' 2 (2009) (unpublished manuscript, on file with the *Journal of Development Economics*), <http://www.cgdev.org/doc/events/2.23.09/Pfutze_Remittances_Democratization.pdf>.

17. Gordon Hanson and Christopher Woodruff 'Emigration and Educational Attainment in Mexico', Mimeo., University of California at San Diego, (2002), <www.childmigration.net/files/Hanson_2003.pdf>.

Brock compares remittance flows unfavorably with other forms of financial resources that can be supplied to governments. She suggests, further, that aid in the form of budgetary support but not remittances can help address 'structural' poverty (p. 208). A full evaluation of these claims would require detailed empirical study of the potential benefits of financial flows (or attempts to bring about institutional reform) of various kinds, and the risks that attach to them. But there is reason to doubt the plausibility of her claim. As Devesh Kapur and John McHale have recently pointed out, the very fact that remittances go directly to recipient households and do not need to pass through the state can make it a particularly beneficial type of financial flow. Aid strengthens the state of the receiving country relative to its citizenry, whereas remittances do the opposite.¹⁸ Both 'official' aid provided by national governments (intergovernmental aid) and by international financial institutions such as the IMF, the World Bank, and regional development banks, and 'unofficial' aid provided by private individuals and nongovernmental organizations — passes through the state or can only reach intended beneficiaries through negotiations with the state. This often leads to wasteful and socially harmful competition among local groups and elites that seek access to these revenue streams or that want to capture state power. And this can create an obstacle to the reforms needed to address structural poverty.

More generally, remittances seem to have two important advantages over public and private foreign assistance: the sender's knowledge of the needs of the recipients, and the sender's incentives to ensure that resources are spent wisely. William Easterly, for example, has emphasized how the lack of influence of the intended beneficiaries on decisions about how assistance ought to be spent creates perverse incentives for aid organizations.¹⁹ Without accountability to recipients for project outcomes, aid organizations lack incentives to make sure that the assistance that they are delivering is truly effective. The intended beneficiaries of assistance generally lack the ability to sanction donors for failing ensure that their resources support only effective poverty-relief projects. Aid organizations are accountable not to the populations they serve, but to affluent donors, who generally lack the kind of knowledge necessary to effectively oversee the organization's activities.²⁰ Individuals remitting funds, by contrast, have extremely powerful personal incentives to ensure that the funds reach and benefit

18. Kapur and McHale (forthcoming 2011).

19. William Easterly, *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good* (New York: Penguin, 2006), pp.11-12. See also Roger Riddell, *Does Foreign Aid Really Work?* (Oxford University Press: Oxford, 2007), pp. 358-380.

20. For extended discussion of these issues, see Leif Wenar, 'Accountability in International Development Aid', *Ethics & International Affairs*, 20/1 (2006), 1-23, and Michael Edwards and David Hulme, 'NGO Performance and Accountability: Introduction and Overview', in Michael Edwards and Alan Fowler (eds), *The Earthscan Reader on NGO Management* (London: Earthscan, 2002).

those they care about, generally members of their families.²¹ And unlike aid organizations, those who remit funds typically possess in-depth knowledge of the recipients of their support. They are more likely to have information, for example, about which household members are likely to be most reliable in ensuring that the funds that they send are spent effectively. This may lead them to put conditions on the continuation of such funds to ensure that they are spent well.

Brock is reasonably concerned that remittances will have negative macroeconomic effects. However, remittances seem to have quite positive macroeconomic effects as well. In countries such as El Salvador and Nepal, for example, remittances appear to have sustained the value of the local currency, facilitating payment of foreign debt and imports.²² And a study of eleven transition economies in Eastern Europe over the period 1990-1999 suggests that remittances had a significant positive impact on productivity and employment.²³

Furthermore, flows of remittances seem to be countercyclical and responsive to changes in the macroeconomic conditions (such as inflation) in the recipient country. Remittance flows change in response to local price increases or foreign exchange shifts, and thus often serve to offset the budgetary losses that households would otherwise have to face.²⁴ Brown argues that remittances serve as 'transnational intra-family or intra-community safety nets, cushioning societies from the disruption attending more volatile financial flows.'²⁵

The brain drain

In cautioning against liberalization of immigration, Brock also draws attention to the so-called brain drain, the process by which 'many skilled citizens from a particular country emigrate, thus draining the country of workers with high levels of training and leaving behind the less skilled (or unskilled)' (p. 198) .

There is indeed evidence that the brain drain is a real cause of concern,

21. William Easterly 'What Difference Does Private vs. Public Foreign Aid Make? Thinking About Knowledge and Incentives', Address at the 15th Annual Herbert and Justice Rose Luttan Rubin International Law Symposium: The Privatization of Development, 4 December, 2009.

22. Dilip Ratha, 'Dollars Without Borders: Can the Global Flow of Remittances Survive the Crisis?' *Foreign Affairs*, October 16, (2009), <<http://www.foreignaffairs.com/articles/65448/dilip-ratha/dollars-without-borders>>.

23. Miguel León-Ledesma and Piracha Matloob, "International Migration and the Role of Remittances in Eastern Europe", *International Migration* 42/4 (2004), 65-84. The authors claim that this impact is partly due to the effect of remittances on investment.

24. Manuel Orozco, 'Diasporas, Development and Transnational Integration: Ghanaians in the US, UK and Germany' (Washington: USAID, 2005); Dean Yang, 'International Migration, Remittances, and Household Investment: Evidence from Philippine Migrants' Exchange Rate Shocks', Working Paper W12325 (2006), National Bureau of Economic Research, <www.nber.org/papers/w12325>; Claudio Loser, Caitlin Lockwood, Adam Minson, and Lucia Balcazar. "The Macro-Economic Impact of Remittances in Latin America - Dutch Disease or Latin Cure?", Presented at the G-24 Technical Group meeting in Singapore on September 13-14, 2006, <www.g24.org/lose0906.pdf>.

25. See Stuart Brown, 'Can Remittances Spur Development? A Critical Survey', *International Studies Review* 8 (2006), 55-75, p. 60. The authors of an IMF study of a large sample of countries claim that remittances diminish significantly the volatility of consumption, investment, and output. See, International Monetary Fund, *World Economic Outlook: Globalization and External Balances* (Washington, DC: International Monetary Fund, 2005).

especially in specific sectors (such as health) in very small poor countries, and I think that Brock's suggestions concerning how to deal with these cases are quite sensible.²⁶ However, it would be a mistake to generalize too quickly from these cases to developing countries as a whole.²⁷ Developing countries often benefit from the emigration of highly skilled people. Those who move abroad may form commercial links with people in the sending countries, and provide links to valuable networks in affluent countries. Skilled immigrants may enhance the access to knowledge and to capital of those left behind. Another important consideration in determining how much brain drain really is costing the sending countries is the extent to which these skilled people would have been absorbed effectively into the labor market in the sending country had they not emigrated to richer countries. The mere presence of additional skilled doctors and nurses does mean that more and better health care will be provided to those who need it, especially if there are insufficient resources to pay these professionals or provide adequate conditions for them to work in, as is often the case in poorer countries.

Even if the brain drain is causing significant harm to the sending countries — and I have little doubt that in some cases it is — it does not seem to me that the appropriate response would be to limit migration generally. There are various proposals about how one might address the brain drain without limiting immigration of highly skilled people. Such proposals (see Brock's own interesting discussion at pp. 201-2), involve compensating developing countries in various ways for the loss of highly skilled individuals. One could also adopt policies that would increase the magnitude and quality of financial flows from highly skilled migrants back to their countries of origin, either by facilitating the imposition of a tax on their income by the sending country,²⁸ reducing the taxes that they would pay in the receiving country,²⁹ or reducing the costs of sending remittances so that their volume is increased.³⁰ Which of these proposals are most likely to bring real benefit to the recipient country will likely depend on the specific context. For example, proposals that involve increasing revenues to the state from which the migrants come will be beneficial only when there is reason to believe that this state will spend these revenues wisely. The policy response that would have

26. See Frederic Docquier and Abdeslam Marfouk, 'International Migration by Educational Attainment,' in *International Migration, Remittances, and the Brain Drain* (New York: Palgrave Macmillan, 2005).

27. For a large study of the brain drain that suggests that its magnitude is limited for many labor exporting countries, see Richard Adams, 'International Migration, Remittances and the Brain Drain: A Study of 24 Labor-Exporting Countries', *Policy Research Working Paper* 2972, (Washington, D.C.: World Bank, 2003), <<http://ideas.repec.org/p/wbk/wbrwps/3069.html>>.

28. For this idea, often referred to as a 'Bhagwati Tax', see Jagdish N. Bhagwati, 'International Migration of the Highly Skilled: Economics, Ethics and Taxes,' *Third World Quarterly* 1 (1979) 17-30.

29. See Barry and Øverland (2010).

30. See Dilip Ratha and Jan Riedberg, 'On Reducing Remittance Costs' (World Bank. Washington DC, 2005), <<http://siteresources.worldbank.org/INTPROSPECTS/Resources/Onreducingremittancecosts-revisedMay12.pdf>>.

perhaps the greatest positive impact on developing countries would be to change the composition of migration, while increasing its overall magnitude. That is, the process of immigration liberalization can be altered so that the benefits of this process can be distributed more fairly. A main contributing factor to the brain drain seems to have been the increase in skill-based visas awarded to highly qualified people by affluent countries.³¹ There is no reason in principle why such schemes couldn't be replaced by schemes that would grant more visas to unskilled workers from poorer countries. That is, one can promote the liberalization of immigration as an important means of achieving global justice while at the same time insisting that such liberalization occur in stages, with close attention paid to the manner in which the distribution of new immigration opportunities affects vulnerable people in the sending and receiving countries.

31. The emphasis on skills based migration has been emphasized especially in Australia, Canada, New Zealand, and the United Kingdom. See Simon Commander, Mari Kangasniemi, and Alan Winters, 'The Brain Drain: Curse or Boon? A Survey of the Literature,' in Robert E. Baldwin and L. Alan Winters (eds), *Challenges to Globalization: Analyzing the Economics* (Chicago: University of Chicago Press, 2004), 235–78.

Christian Barry
Australian National University
Christian.Barry@anu.edu.au

